

## House of Representatives Lansing, Michigan

TOM ALLEY STATE REPRESENTATIVE STATE CAPITOL LANSING, MICHIGAN 48913 PHONE, (517) 373-3817 FAX, (517) 373-3495 CHAIR: CONSERVATION, ENVIRONMENT AND RECREATION COMMERCE FORESTRY AND MINERAL RIGHTS PUBLIC UTILITIES LEGISLATIVE COUNCIL

Remarks of Michigan State Representative Tom Alley
Before the Government Reform and Oversight Committee,
Subcommittee on National Economic Growth, Natural Resources and Regulatory Affairs
Thursday, April 23, 1998

I am State Representative Tom Alley of Michigan, chair of the Conservation, Environment and Recreation Committee within the Michigan House. I am also a member of the American Legislative Exchange Council (ALEC), the nation's largest bipartisan membership organization of state legislators with over 3,000 state legislative members nationwide. Within ALEC, I am chair of the Environmental Subcommittee on the Energy, Environment, Natural Resources and Agriculture Task Force. I sit before you today to discuss the grave misgivings I and many other state legislators have over the proposed Kyoto protocols.

In 1992, as a result of negotiations held in Rio de Jeneiro with over 160 nations, the United States entered into an agreement, the Framework Convention on Climate Change, calling for developed nations to reduce emissions of greenhouse gases which may impact the world's climate, causing global warming. The goal of this agreement was for the participating nations to voluntarily reduce greenhouse gas emissions back to 1990 levels.

That approach was abandoned in 1995 with the adoption of the Berlin Mandate, and with

the US administration's agreement to accept binding reductions in July of 1996. Subsequently in December of 1997, during climate negotiations in Kyoto, Japan, the administration agreed to reduce greenhouse gas emissions in the United States to a level 7 percent below 1990 levels by the time period 2008 to 2010. Developing nations refused to accept any role in this agreement.

Global warming is a natural phenomenon. Greenhouse gases - water vapor, carbon dioxide and methane are the most common - trap some of the sun's warmth and keep it near the surface of the earth. This is important because if the greenhouse effect did not exist, our planet would be about 60 degrees colder and much of the earth's surface would be uninhabitable.

We know scientists have noticed that certain human activities, such as the burning of coal, oil and natural gas, have increased greenhouse gas concentrations and some are concerned about a human "enhanced" greenhouse effect. However, between 90 and 95 percent of all greenhouse gases come from natural sources. For example, cows raised in Argentina produce methane, as does rice grown in Thailand. Human activities produce less than 10 percent of global greenhouse gases. Furthermore, a variety of human activities produce greenhouse gases. Coal or natural gasgenerated electricity releases carbon dioxide and methane, whether it's done in New Dehli, Hong Kong or Boise. Most of the developed world's factories and homes are heated with fossil fuels, which release greenhouse gases. Cars running on gasoline do too - as do fireplaces, whether they're lighted to cook food in Santiago, Chile or to warm the hands and feet on a cold winter's night in Reykjavik, Iceland.

Some scientists say human activity is changing the earth's climate, pointing to the 1 °F rise in earth's temperature during the past 100 years. But other scientists see flaws in the theories of human contributions to global warming. According to Dr. Sally Baliunas of the Center for

Astrophysics at Harvard, while most man-made greenhouse gases entered the atmosphere after 1940, most of the observed temperature increase occurred before 1940. Moreover, the scientists who drafted and approved the United Nations Second *Assessment Report* on climate change stated that "no study to date has positively attributed all or part" of the 1 °F rise in the earth's temperature during the past 100 years to human causes.

Further, to what is the 1 °F rise in the earth's temperature compared? The best observational temperature records start around 1850, about the time the world emerged from the grip of a Little Ice Age that began around 1400 A.D. Many scientists therefore are not surprised that temperatures began rising "naturally" once this long cold spell ended. The difficulty comes when scientists try to separate "natural variability" from mankind's impact on climate. As the U.N. document, *Climate Change 1995. Draft contribution of Working Group I to the IPCC Second Assessment Report* stated, "When will the detection and unambiguous attribution of human-induced climate change occur? We do not know."

While the effects of global warming certainly raise serious concerns, they may not be immediate dangers. Experts who study this issue typically think in terms of 100 to 200 years. Many scientists believe we need to know more about how the climate system works before dramatic action is taken to change the way we use energy. Present computer capabilities are insufficient to provide a full analysis of the available data, and there remain uncertainties and variations in the mathematical models used to predict global climate change. Similar difficulties exist in predicting global climate change as exist in predicting the local weather as they both rely on the same science. Slight changes in the mathematical assumptions or the data used can create vast differences in climate forecasts stretching thirty, fifty, or one-hundred years into the future.

Climate models are a forecasting tool. However, these tools must be used with extreme caution. **Our** understanding of the underlying science continues to grow, and we are still limited by computers not powerful enough to portray local or regional impacts decades in the future. In the face of this still maturing science, policy makers are considering, or being asked to consider measures that would have far-reaching social and economic impacts.

As stated earlier, the administration has agreed to commit the United States to a 7 percent reduction in the production of greenhouse gases from 1990 levels by the year 2010. Such a reduction will have a dramatic effect on our economy and our society as a whole.

In the absence of the significant technological advances necessary to achieve the reductions, which may or may not be possible, the likely alternative would be significant increases in the price of energy. Such increases would adversely effect the price of practically all goods and services in the United States. According to WEFA, Inc., the estimated \$200 per metric ton carbon fee or tax necessary to reduce emissions to 1990 levels would have a wide range of impacts. Gasoline prices would rise significantly -- an estimated 50 cents per gallon -- creating a dram on household finances and raising the price of all transported goods. Household energy bills would likely increase \$900 to \$1,100 annually. Total output in the US would decline \$228 billion below the baseline and total output in Michigan would fall \$7.8 million below the baseline. The US would lose an estimated 1.8 million jobs and Michigan would lose an estimated 94,000 jobs. According to the American Farm Bureau Federation, total US farm production expenses would rise over \$10-20 billion under the current energy price increase models. This would represent a 24% to 48% decrease in the net farm income under the respective low/high energy price scenarios.

States heavily dependent upon exports of manufactured products would be negatively impacted. Higher input costs reduce the competitiveness of US manufacturing, especially against developing countries not required to limit carbon emissions, causing exports to fall below the baseline. Additionally, the demand for US exports in developing OECD countries falls as economic growth slows. States with exports representing a large share of output include California, Washington, Illinois, Texas, New Jersey, and Michigan. For Michigan, exports represent 15.3 % of gross state product, second only to Washington.

The largest percentage of declines in Michigan employment would occur in durable manufacturing including transportation equipment, electrical machinery, and fabricated metals. In the nondurable category, the plastics industry would lose the most jobs. The largest absolute decline in non-manufacturing jobs would be in the trade sector, where 40,400 jobs are predicted to be lost by 2010.

In Michigan, with its large industrial manufacturing base, real gross state product would fall between 2.6 and 3.0% below the baseline in 2010. The hardest bit industry would be the auto sector. Production of auto components such as electrical machinery, plastics, and fabricated metals would be doubly impacted - first by higher overhead costs, then by reduced demand. Real output in the manufacturing sector would drop by 4.0% in 2010. Manufacturing losses would cause producers to reduce their purchases of labor and other services.

Wages and salaries would fall under the imposition of a carbon tax. Again according to WEFA, Inc., in Michigan a 3.4% decline in manufacturing wages is projected in 2010 relative to the baseline. Private non-manufacturing wages would fall 2.0%. Real income growth would be slowed by job losses. Currently, wages in Michigan's manufacturing sector tend to be higher

than in most nonmanufacturing industries. As economic activity and jobs shift away from the manufacturing sector, real income per capita would fall by \$371, or 1.7 percent versus the baseline in 2010. High economic costs are borne by all states, but energy producing states and export dependent states suffer a disproportionate burden. Michigan. falling under both categories, will suffer a double hit.

Each of the above losses would have a significant adverse impact on Michigan's economy if occurring alone. Occurring together, the impact is potentially devastating.

Given all the uncertainties inherent in the science of global warming, it is bad public policy to impose such radical changes to every aspect of our society. These sacrifices by the United States would be even more egregious in light of the fact that the agreements reached in Kyoto are not binding on the so-called developing countries including China, Brazil, and India.

Prior to the Kyoto accords, developing nations were expected to account for 60 percent of global carbon emissions over the next few decades. By the year 2025, it is expected that developing countries would likely be responsible for as much as 68 percent of all energy-related carbon dioxide emissions. By the year 2050, that number is 76 percent. The impact of the Kyoto agreements can only compound these numbers.

The likely impact of mandatory reductions of energy related carbon dioxide emissions in the United States and other developed countries will be to shift those emissions and their sources from the developed to developing countries. The exclusion of new commitments by developing nations will create a powerful incentive to export jobs and capital from the United States, shifting greenhouse gas emissions to other countries, and will do little or nothing to stabilize atmospheric concentrations of carbon dioxide. As developing countries are on the one hand exempt from

reaching any reductions from current levels, and on the other have more relaxed emissions standards, the net effect of mandatory reductions in developed countries will most likely be an increase in global energy production-related carbon dioxide emissions.

In October of 1997, based upon all the aforementioned factors, I introduced in the Michigan Legislature House Concurrent Resolution 70. Similar to S.R. 90 adopted by the United States Senate and H.R. 211 introduced by Congressman Joe Knollenberg (R-MI), H.C.R. 70 urges the President of the United States to reject any agreement on limiting greenhouse gas emissions that apply restrictions only to developed nations while exempting the developing nations. H.C.R. 70 received strong bipartisan support in both the Michigan House and Senate, and was adopted by both chambers by November 13, 1997. A copy of H.C.R. 70 is attached.

Long before the meetings in Japan, the Michigan Legislature felt it important to go on record as not supporting what was expected then to be an unfair agreement -- costing American jobs and economic productivity for little or no benefit. Given the agreements reached by the end of the Kyoto meetings, the concerns of those of us in the' Michigan legislature supporting HCR 70 were certainly valid. They remain valid today.

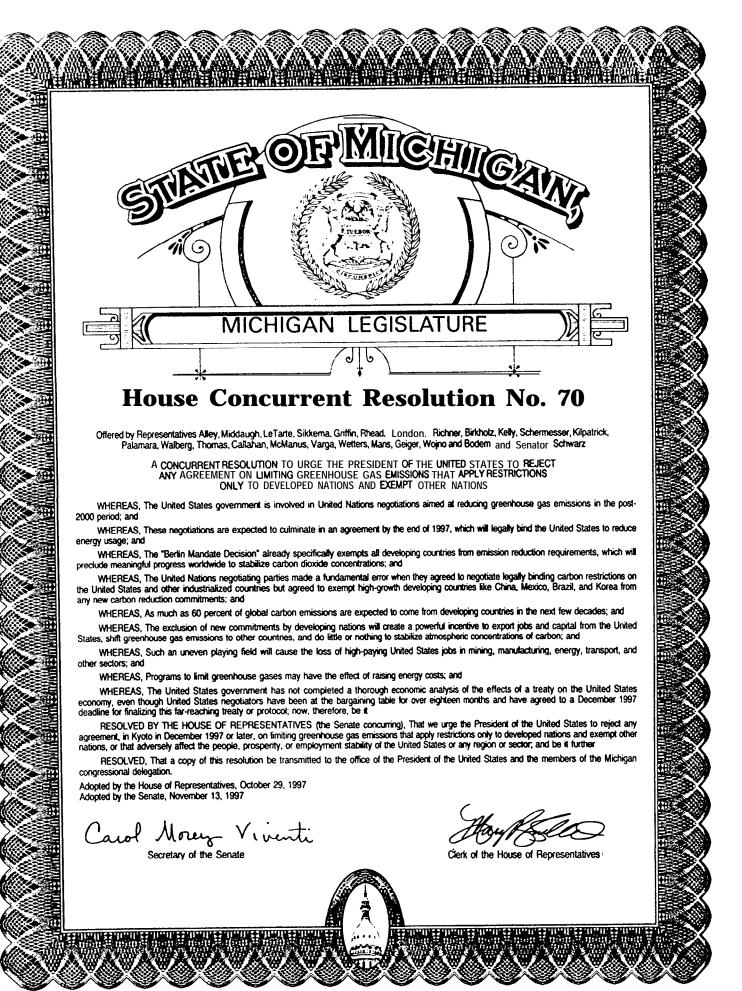
Now, there is growing concern that the U.S. EPA is attempting to implement the treaty without ratification. By pressuring state environmental agencies to design and activate programs to reduce emissions, the administration may be attempting to gain 'back door" approval of the Kyoto accords. Because of these actions by the EPA, and to preserve the separation of powers and the concept of states rights, the American Legislative Exchange Council recently adopted model legislation entitled State Responses to Kyoto Climate Change Protocol Act. Three states, Alabama, Illinois, and West Virginia, have already introduced this legislation, and many more

are expected to in the near future.

In the last two years alone, EPA has issued new national ambient air quality (NAAQS) and particulate matter (PM) standards, as well as ozone transport standards. In response, I have sponsored H.R. 13 and H.C.R. 11. and H.R. 214 and H.C.R. 87 respectively. H.R. 13, H.R. 214, and H.C.R. 87 have been adopted by the Michigan House, H.C.R. 11 was adopted by both the House and Senate. Copies of the four resolutions are attached to this written testimony.

Whatever the cause, global warming is a global problem. One in which all countries must take part if any real reductions are to be achieved. The Global Climate Treaty reached at Kyoto in December of 1997 is not the global solution necessary to make these necessary reductions. The net effect will be little to no impact on global emissions, at the cost of the destruction of our own economic and social well-being. In its current form, it is not good public policy.

I respectfully ask the United States House of Representatives to not support this treaty, and I would ask the United States Senate not ratify any treaty that does not bind all countries achieving their fair share of reductions.



### No. 11

### JOURNAL OF THE HOUSE

House Chamber, Lansing, Tuesday. February 18, 1997.

2:00 p.m.

The House was called to order by the Speaker Pro Tempore.

The roll was called by the Clerk of the House of Representatives, who announced that a quorum was present.

Reps. Alley, Middaugh. Agec. Owen. Mans, Palamara. DeHart, Kelly, Scott, Sikkema. Goschka. Bodem and Callahan offered the following resolution:

House Resolution No. 13.

A resolution to urge the United States Environmental Protection Agency to reaffirm certain standards of ozone and particulate levels.

Whereas, The United States Environmental Protection Agency (EPA) has a responsibility to review periodically the National Ambient Air Quality Standards (NAAQS) for ozone and particulate matter (PM); and

Whereas. The EPA is considering establishing a more stringent ozone standard and a new, more stringent standard for particulate matter at or below 2.5 microns (PM2.5); and

Whereas, Michigan. through its local jurisdictions. businesses. and citizens, has supported health-based National Ambient Air Quality Standards (NAAQS) that are premised on sound science; and

Whereas, Michigan has made significant progress in meeting current NAAQS for both ozone and particulate matter (PM) under the Clean Air Act amendments of 1990. although there are some areas that have not yet come into compliance with the current standard(s); and

Whereas, Michigan, through its local jurisdictions. businesses, consumers, and taxpayers. has borne considerable cost to come into compliance with the current NAAQS for ozone and particulate matter; and

Whereas, The proposed new standards will significantly expand the number of nonattainment areas for both ozone and particulate matter. This may result in additional emission controls in all areas, thus imposing significant economic, administrative, and regulatory burdens on Michigan. its citizens. businesses, and local governments; and

Whereas, EPA's own Clean Air Science Advisory Committee (CASAC) was unable to find any "bright line" that would distinguish any public health benefit among any of the proposed new standards for ozone, including the current standard; and

Whereas, There is very little existing PM2.S monitoring data; and

Whereas, There are many unanswered questions and scientific uncertainties regarding the health effects of particulate matter. in particular PM2.5, including:

- -Divergent opinions among scientists who have investigated the issue:
- -Exposure misclassification:
- -Measurement errors:
- -Lack of supporting toxicological data;
- -Lack of a plausible toxicological mechanism;
- -Lack of correlation between recorded PM levels and public health effects;
- -Influence of other variables; and
- -The existence of possible alternative explanations

; and

Whereas, No scientific proof exists that establishing a more stringent ozone standard or a new, more stringent PM2.5 standard would avoid alleged adverse health, but it would assuredly impose significantly higher costs; now, therefore, be it

Resolved by the House of Representatives, That we advise and strongly urge the EPA to reaffirm the existing NAAQS for ozone; and be it further

Resolved. That we advise and strongly urge the EPA to reaffirm the existing NAAQS for PMIO: and be it further Resolved, That we advise and strongly urge the EPA to refrain from establishing a new NAAQS for PM2.5 at this time and to gather the necessary PM2.5 monitoring data and conduct all necessary research needed to address the issue of causality and other critical and important unanswered scientific questions concerning PM2.5; and be it further

Resolved. That we advise and strongly urge the EPA to identify any unfunded mandates or other administrative and economic burdens for state or local governments or agencies that would result from the proposed changes to the NAAQS for ozone and particulate matter; and be it further

Resolved. That copies of this resolution be transmitted to the President of the United States. the President of the United States Senate. the Speaker of the United States House of Representatives. the members of the Michigan congressional delegation. the administrator of the United Stales Environmental Protection Agency. and other appropriate administration officials.

The resolution was referred to the Committee on Conservation, Environment and Recreation.

No. 11

### JOURNAL OF THE HOUSE

House Chamber, Lansing, Tuesday, February 18, 1997.

2:00 p.m.

The House was called to order by the Speaker Pro Tempore.

The roll was called by the Clerk of the House of Representatives. who announced that a quorum was present.

Reps. Alley. Middaugh, Agee, Owen. Palamara, DeHart, Kelly, Scott. Mans. Sikkema. Goschka, Bodem and Callahan offered the following concurrent resolution:

#### House Concurrent Resolution No. 11.

A concurrent resolution to urge the United States Environmental Protection Agency to reaffirm certain standards of ozone and particulate levels.

Whereas. The United States Environmental Protection Agency (EPA) has a responsibility to review periodically the National Ambient Air Quality Standards (NAAQS) for ozone and particulate matter (PM); and

Whereas. The EPA is considering establishing a more stringent ozone standard and a new. more stringent standard for particulate matter at or below 2.5 microns (PM2.5): and

Whereas, Michigan, through its local jurisdictions, businesses. and citizens. has supported health-based National Ambient Air Quality Standards (NAAQS) that are premised on sound science: and

Whereas, Michigan has made significant progress in meeting current NAAQS for both ozone and particulate matter (PM) under the Clean Air Act amendments of 1990. although there are some areas that have not Yet come into compliance with the current standard(s): and

Whereas, Michigan. through its local jurisdictions. businesses. consumers, and taxpayers. has borne considerable cost to come into compliance with the current NAAQS for ozone and particulate matter; and

Whereas. The proposed new standards will significantly expand the number of nonattainment areas for both ozone and particulate matter. This may result in additional emission controls in all areas, thus imposing significant economic. administrative, and regulatory burdens on Michigan, its citizens. businesses. and local governments; and

Whereas, EPA's own Clean Air Science Advisory Committee (CASAC) was unable to find any "bright line" that would distinguish any public health benefit among any of the proposed new standards for ozone. including the current standard; and

Whereas. There is very little existing PM2.5 monitoring data; and

Whereas. There are many unanswered questions and scientific uncertainties regarding the health effects of particulate matter, in particular PM2.5, including:

- -Divergent opinions among scientists who have investigated the issue;
- -Exposure misclassification;
- -Measurement errors;
- -Lack of supporting toxicological data; -Lack of a plausible toxicological mechanism;
- -Lack of correlation between recorded PM levels and public health effects:
- -Influence of other variables: and
- -The existence of possible alternative explanations

: and

Whereas. No scientific proof exists that establishing a more stringent ozone standard or a new, more stringent PM2.5 standard would avoid alleged adverse health, but it would assuredly impose significantly higher costs; now, therefore,

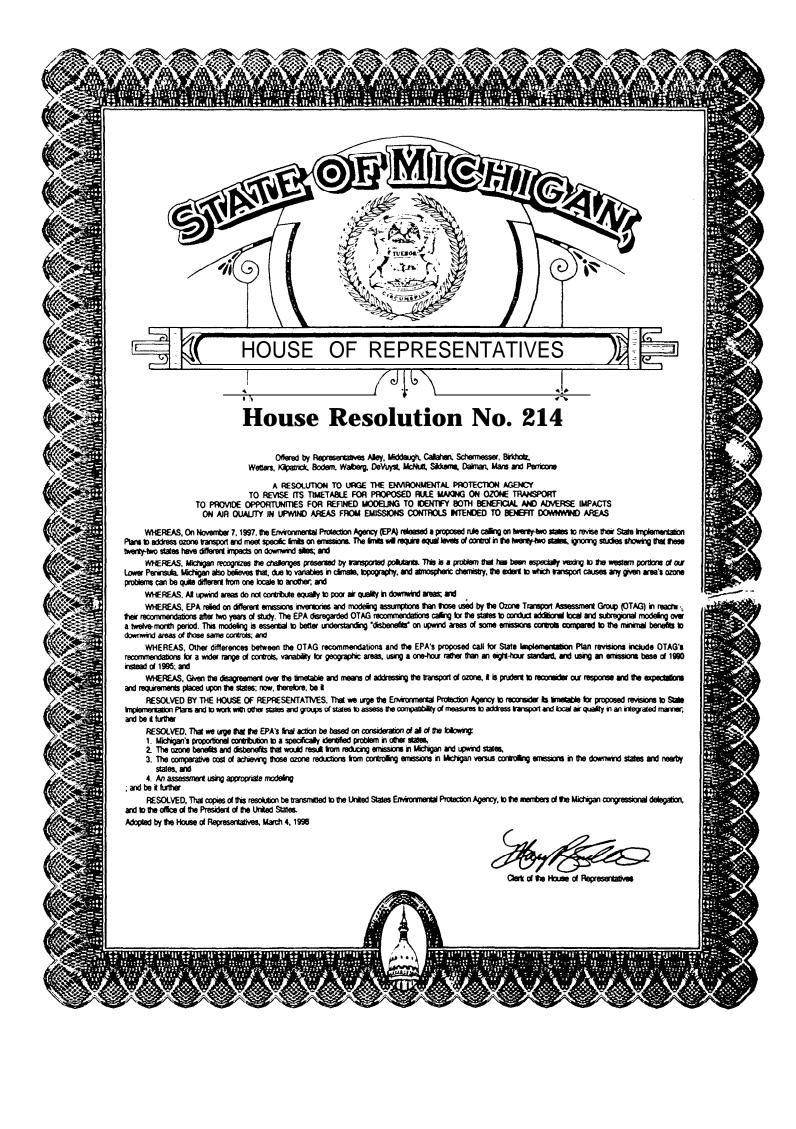
Resolved by the House of Representatives (the Senate concurring). That we advise and strongly urge the EPA to reaffirm the existing NAAQS for ozone; and be it further

Resolved. That we advise and strongly urge the EPA to reaffirm the existing NAAQS for PM10; and be it further Resolved. That we advise and strongly urge the EPA to refrain from establishing a new NAAQS for PM2.5 at this time and to gather the necessary PM2.5 monitoring data and conduct all necessary research needed to address the issue of causality and other critical and important unanswered scientific questions concerning PM2.5; and be it further

Resolved. That we advise and strongly urge the EPA to identify any unfunded mandates or other administrative and economic burdens for state or local governments or agencies that would result from the proposed changes to the NAAQS for ozone and particulate matter; and be it further

Resolved. That copies of this resolution be transmitted to the President of the United States, the President of the United States Senate, the Speaker of the United States House of Representatives the members of the Michigan congressional delegation. the administrator of the United States Environmental Protection Agency. and other appropriate administration officials.

The concurrent resolution was referred to the Committee on Conservation. Environment and Recreation.



## No. 14 STATE OF MICHIGAN

# JOURNAL OF THE

# House of Representatives

# 89th Legislature REGULAR SESSION OF 1998

House Chamber. Lansing, Tuesday, February 17. 1998.

2:00 p.m.

The House was called to order by the Speaker.

The roll was called by the Clerk of the House of Representatives. who announced that a quorum was present.

Reps. Alley, Middaugh, Callahan, Schermesser, Birkholz. Wetters. Kilpatrick. Bodem, Walberg. DeVuyst, Byl, McNutt, Sikkema. Dalman, Mans and Perricone offered the following concurrent resolution:

House Concurrent Resolution No. 87.

A concurrent resolution to urge the Environmental Protection Agency to revise its timetable for proposed rule making on ozone transport to provide opportunities for refined modeling to identify both beneficial and adverse impacts on air quality in upwind areas from emissions controls intended to benefit downwind areas.

Whereas, On November 7, 1997. the Environmental Protection Agency (EPA) released a proposed rule calling on twenty-two states to revise their State Implementation Plans -to address ozone transport and meet specific limits on emissions. The limits will require equal levels of control in the twenty-two states. ignoring studies showing that these twenty-two states have different impacts on downwind sites; and

Whereas, Michigan recognizes the challenges presented by transported pollutants. This is a problem that has been especially vexing to the western portions of our Lower Peninsula. Michigan also believes that, due to variables in climate. topography, and atmospheric chemistry, the extent to which transport causes any given area's ozone problems can be quite different from one locale to another: and

Whereas, All upwind areas do not contribute equally to poor air quality in downwind areas; and

Whereas, EPA relied on different emissions inventories and modeling assumptions than those used by the Ozone Transport Assessment Group (OTAG) in reaching their recommendations after two years of study. The EPA disregarded OTAG recommendations calling for the states to conduct additional local and subregional modeling over a twelve-month period. This modeling is essential to better understanding "disbenefits" on upwind areas of some emissions controls compared to the minimal benefits to downwind areas of those same controls; and

Whereas. Other differences between the OTAG recommendations and the EPA's proposed call for State Implementation Plan revisions include OTAG's recommendations for a wider range of controls. variability for geographic areas, using a one-hour rather than an eight-hour standard, and using an emissions base of 1990 instead of 1995; and

Whereas, Given the disagreement over the timetable and means of addressing the transport of ozone. it is prudent to reconsider our response and the expectations and requirements placed upon the states; now. therefore. be it

Resolved by the House of Representatives (the Senate concurring), That we urge the Environmental Protection Agency to reconsider its timetable for proposed revisions to State Implementation Plans and to work with other states and groups of states to determine more appropriate modeling to identify the impact of emissions controls at upwind sources on local air quality in downwind locales; and be it further

Resolved. That we urge that the EPA's final action be based on consideration of all of the following:

- I. Michigan's proportional contribution to a specifically identified problem in another state.
- 2. The ozone benefits and disbenefits that would result from reducing emissions in Michigan, and
- 3. The comparative cost of achieving those ozone reductions from controlling emissions in Michigan versus controlling emissions in the downwind states and nearby states

Resolved. That copies of this resolution be transmitted to the United States Environmental Protection Agency, to the members of the Michigan congressional delegation. and to the office of the President of the United States.

The concurrent resolution was referred to the Committee on Conservation. Environment and Recreation.